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EBD/91/307
Correction 1

December 13, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Pakistan - Structural Adjustment Facility -
Policy Framework Paper, 1991/92-1993/94

The following corrections have been made in EBD/91/307 (11/20/91):

Page 26, Table 1, Line 14, Columns 1, 2, 4, and 6:

| | | | | |
|------|-------|------|------|-------|
| for | "16.6 | 20.6 | 18.4 | 20.6" |
| read | "18.5 | 18.5 | 19.0 | 20.8" |

| | | | |
|----------------------------------|------|-------|-------|
| <u>Line 17, Columns 4 and 5:</u> | for | "13.0 | 19.9" |
| | read | "12.5 | 17.9" |

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

least US\$325 million will come from adjustment loans. Disbursements from the Asian Development Bank are projected to amount to US\$1.2 billion over the program period. Disbursements from commercial banks and from other institutions on nonconcessional terms, together with net short-term and private capital inflows, would contribute an additional US\$1.6 billion.

68. In 1991/92 financing requirements of US\$3.1 billion are expected to be met in part through balance of payments assistance, including: (i) grants (US\$371 million), project loans (US\$1,261 million), food/nonfood assistance (US\$642 million), commercial loans (US\$268 million) and disbursements of US\$146 million from the Fund under the third annual SAF arrangement, and an amount provisionally estimated at US\$163 million under the CCFF; (ii) World Bank disbursements of US\$225 million; and (iii) disbursements of US\$50 million in sector loans from the Asian Development Bank. The Government is confident that the remainder of US\$138 million will be fully financed through additional commercial borrowings. By 1992/93, it is expected that the external current account deficit would decline to 2.7 percent of GNP, a level that could be financed without recourse to exceptional financing.

Table 1. Pakistan: Key Indicators, 1986/87-1993/94 ^{1/}

(In percent, unless otherwise indicated)

| | Actuals | | | | Prov. Actual | Program | | |
|--|---------|----------|----------|----------|-----------------|----------|----------|----------|
| | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 |
| GDP growth rate (1980/81 market prices) | 6.5 | 7.6 | 5.0 | 5.3 | 6.5 | 6.2 | 6.3 | 6.4 |
| Real consumption/capita growth rate | 1.3 | 6.2 | 3.2 | 2.5 | 2.2 | 1.6 | 1.5 | 2.4 |
| Debt service (million US\$) | 2,176.0 | 2,329.0 | 2,363.0 | 2,482.0 | 2,591.0 | 2,706.0 | 2,774.0 | 2,935.0 |
| Debt service/current receipts | 30.7 | 30.7 | 30.5 | 29.0 | 27.7 | 25.4 | 23.6 | 22.7 |
| Gross investment/GDP | 19.1 | 18.1 | 17.5 | 18.6 | 18.3 | 19.0 | 19.5 | 20.0 |
| Domestic savings/GDP | 12.2 | 10.6 | 12.2 | 11.5 | 12.0 | 14.0 | 15.4 | 16.2 |
| National savings/GDP | 17.0 | 13.7 | 12.6 | 14.0 | 13.7 | 15.6 | 16.8 | 17.5 |
| Marginal national savings rate | 35.5 | -5.1 | 5.5 | 12.9 | 12.6 | 27.9 | 26.8 | 22.9 |
| Government investment/GDP ^{2/} | 6.1 | 7.2 | 6.3 | 6.4 | 6.5 | 6.8 | 6.9 | 7.0 |
| Government savings/GDP ^{3/} | -2.0 | -1.4 | -1.0 | -0.3 | -2.3 | 2.0 | 2.1 | 2.2 |
| Private investment/GDP | 13.0 | 10.9 | 11.2 | 12.2 | 11.8 | 12.2 | 12.7 | 13.0 |
| Private savings/GDP | 19.0 | 15.2 | 13.7 | 14.3 | 16.0 | 13.6 | 14.9 | 15.4 |
| Ratio of government/private investment | 47.0 | 65.2 | 55.6 | 52.4 | 55.2 | 55.7 | 54.3 | 53.8 |
| Government revenues/GDP ^{4/} | 18.5 | 18.5 | 18.8 | 19.0 | 16.6 | 20.8 | 21.0 | 21.2 |
| Government expenditures/GDP | 26.6 | 27.1 | 26.5 | 25.0 | 25.4 | 25.8 | 25.8 | 26.0 |
| Overall fiscal position/GDP (deficit = -) | -8.2 | -8.6 | -7.3 | -6.6 | -8.8 | -4.8 | -4.8 | -4.8 |
| Broad money (M2) (growth rate) | 13.7 | 12.2 | 4.7 | 12.5 | 17.9 | 12.9 | 12.0 | 11.8 |
| Net domestic assets for program purposes (growth rate) ^{5/} | 11.1 | 11.9 | 5.6 | 12.4 | 15.5 | 12.5 | 11.0 | 10.0 |
| Exports, f.o.b. (growth rate in current US\$) | 18.9 | 24.7 | 5.3 | 6.3 | 18.8 | 18.4 | 13.1 | 12.5 |
| Exports/GDP | 10.5 | 11.4 | 11.5 | 12.2 | 12.9 | 14.8 | 15.4 | 15.9 |
| Imports, f.o.b. (growth rate in current US\$) | -3.2 | 19.5 | 4.1 | 2.8 | 12.3 | 5.9 | 7.0 | 9.8 |
| Imports/GDP | 17.4 | 18.1 | 17.9 | 18.4 | 18.4 | 18.9 | 18.5 | 18.7 |
| Workers' remittances | -12.2 | -11.6 | -5.8 | 0.1 | -1.3 | 3.2 | 3.0 | 3.0 |
| Current account (million US\$) | -719.0 | -1,682.0 | -1,959.0 | -1,890.0 | -2,110.0 | -1,606.0 | -1,375.0 | -1,405.0 |
| Current account/GNP | -2.1 | -4.3 | -4.7 | -4.6 | -4.6 | -3.4 | -2.7 | -2.5 |
| GDP deflator (percentage change) | 4.5 | 9.3 | 9.2 | 6.2 | 10.7 | 8.0 | 6.0 | 6.0 |
| Consumer price index (percentage change) | 3.6 | 6.3 | 10.5 | 6.0 | 12.7 | 8.0 | 6.0 | 6.0 |
| Real effective exchange rate (percentage change) ^{6/} | -15.9 | -7.1 | -1.9 | -7.1 | -2.4 | ... | ... | ... |

Sources: Data provided by the Pakistan authorities; and staff estimates.

^{1/} Owing to the full revision of the National Accounts, the ratios to GDP/GNP in this Table are not strictly comparable to those indicated in Table 1 of the original Policy Framework Paper (EBD/88/331, November 15, 1988).

^{2/} Government investment is defined as budgetary development expenditures.

^{3/} Budgetary current revenues plus surplus of autonomous bodies minus current expenditures.

^{4/} Includes surplus of autonomous bodies.

^{5/} Excludes Zakat fund deposits.

^{6/} A minus sign indicates a depreciation.